

CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
TOWNSHIPS OF CASEVILLE AND LAKE  
COUNTY OF HURON  
CASEVILLE, MICHIGAN  
FINANCIAL REPORT  
MARCH 31, 2004

**AUDITING PROCEDURES REPORT**  
Issued under P.A. 2 of 1988, as amended. Filing is mandatory.

CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
TOWNSHIPS OF CASEVILLE AND LAKE

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name SEE ABOVE	County HURON
Audit Date 3/31/2004	Opinion Date 9/3/2004	Date Accountant Report Submitted to State: 09/03/2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

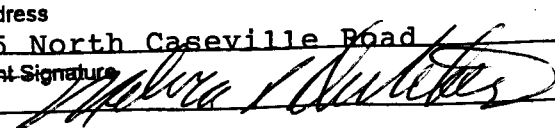
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Melvin P. Dutcher C.P.A.

Street Address 6915 North Caseville Road	City caseville	State MI	ZIP 48725-0067
Accountant Signature 			

CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
TOWNSHIP OF CASEVILLE AND LAKE

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MELVIN P. DUTCHER  
CERTIFIED PUBLIC ACCOUNTANT  
6915 N. CASEVILLE ROAD  
CASEVILLE, MI 48725

September 3, 2004

INDEPENDENT AUDITORS REPORT

To the Honorable Board of Commissioners  
Caseville Area Fire Protection Association  
Townships of Caseville and Lake  
Caseville, MI 48725

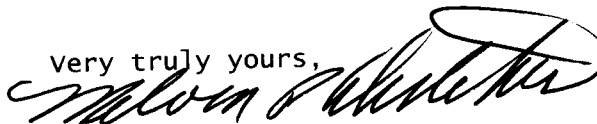
I have audited the accompanying financial statements of the Caseville Area Fire Protection Association, Caseville, Michigan as of March 31, 2003 and 2004 for the years then ended. These financial statements are the responsibility of Caseville Area Fire Protection Association administrative Board. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examine, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Caseville Area Fire Protection Association of Caseville, Michigan as of March 31, 2003 and 2004 and the results of its operations and cash flows for the year 2004 in conformity with generally accepted accounting principles.

My examination of the Caseville Area Fire Protection Association for the year ended March 31, 2004, was made primarily for the purpose of formulating an overall opinion on the combined balance sheet at March 31, 2004, and its combined statement of revenue, expenditures and changes in fund equity for the year then ended. The accompanying additional information has been compiled from the accounting applied in the examination of financial statements mentioned above. In my opinion, the supplemental statements presented for the year ended March 31, 2004 are fairly stated in all material respects in relation to the financial statements taken as a whole.

Very truly yours,

  
Melvin P. Dutcher

**CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
TOWNSHIP OF CASEVILLE AND LAKE  
BALANCE SHEET  
FIRE FUND**

	<u>March 31</u>	
	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 350,509	\$ 490,926
Property taxes receivable (note2)	28,488	22,247
Accrued interest receivable	623	304
Prepaid insurance	0	0
Deposit - Fire truck (note 7)	<u>0</u>	<u>38,000</u>
<b>Total Current Assets</b>	379,620	551,477
 Fixed Assets - (Note 1)	 <u>1,355,118</u>	 <u>1,198,876</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,734,738</u></b>	<b>\$ <u>1,750,353</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 0	\$ 0
Accrued payroll taxes	0	25
Accrued interest payable	2,422	3,015
Accrued payroll	0	0
Notes payable		
Current portion (Note 4)	<u>70,000</u>	<u>70,000</u>
<b>Total Current Liabilities</b>	72,422	73,040
 Long Term Obligations	 246,206	 392,000
Less short term	<u>(70,000)</u>	<u>(70,000)</u>
<b>Total Long Term Obligations</b>	<u>176,206</u>	<u>322,000</u>
<b>TOTAL LIABILITIES</b>	<u>248,628</u>	<u>395,040</u>
 <b>FUND EQUITY</b>		
Retained earnings	1,486,110	1,355,313
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ <u>1,734,738</u></b>	<b>\$ <u>1,750,353</u></b>

**TOWNSHIP OF CASEVILLE AND LAKE  
STATEMENT OF REVENUE AND EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FIRE FUND**

	YEARS ENDED	
	<u>March 31</u>	
	<u>2004</u>	<u>2003</u>
<b>REVENUE</b>		
Property tax:		
Caseville Township	\$ 204,695	\$ 195,573
Lake Township	82,745	78,155
Stand by fees and fire runs	5,700	6,193
Miscellaneous	1,673	757
Equipment sale	0	2,655
Interest income	2,913	6,802
Donations	<u>3</u>	<u>1,100</u>
<b>TOTAL REVENUE</b>	297,729	291,235
<b>EXPENSES</b>		
Salary - firemen	41,310	28,190
Salary - board	5,750	4,895
Salary - other	2,959	2,712
Payroll taxes	3,814	2,754
Postage and office supplies	646	1,035
Operating supplies	2,159	5,122
Dues	45	45
Repair and maintenance	7,298	10,083
Gas and oil	1,543	949
Education and training	150	1,376
Legal and audit	1,525	2,197
Insurance	19,858	18,502
Physicals and shots	437	0
Computer support and internet	1,711	1,069
Telephone	1,668	1,520
Water	763	889
Electric/Heat	5,777	5,246
Snow and trash removal	425	600
Miscellaneous	932	223
Advertising	0	651
Depreciation	54,180	49,543
Interest expense	<u>13,982</u>	<u>22,830</u>
<b>TOTAL EXPENSES</b>	166,932	160,431
<b>NET PROFIT</b>	130,797	130,804
<b>RETAINED EARNINGS</b>		
April 1, 2003 - as adjusted	1,355,313	1,224,509
<b>RETAINED EARNINGS</b>		
March 31, 2004	\$ <u>1,486,110</u>	\$ <u>1,355,313</u>

**TOWNSHIP OF CSEVILLE AND LAKE  
STATEMENT OF CASH FLOW  
FIRE FUND**

**YEAR ENDING  
March 31, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Profit	\$	<u>130,797</u>
Adjustment to reconcile operating profit to net cash provided by operating activities -		
Depreciation		54,180
Change in assets and liabilities -		
Decrease (increase) in accounts receivable		6,241
Decrease (increase) in prepaid insurance		0
(Decrease) in accounts payable		(618)
(Decrease) in notes payable		<u>(145,794)</u>
Total adjustments		<u>(85,991)</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 44,806

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition of capital assets	<u>210,422</u>
<b>NET CASH (USED) BY CAPITAL</b>	<u>210,422</u>

**NET (DECREASE) INCREASE IN CASH** (140,417)

**CASH AND RESTRICTED CASH - APRIL 1** 490,926

**CASH AND RESTRICTED CASH - MARCH 31** \$ 350,509

**RECONCILIATION OF CASH AND RESTRICTED CASH:**

Cash in bank	\$	144,834
Certificate of deposit		203,721
Savings		1,954
<b>TOTAL CASH</b>	\$	<u>350,509</u>

**SUPPLEMENTAL DATA**



CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2004

NOTE 1 - FIXED ASSETS (PROPRIETARY FUNDS)

Fixed assets are stated at cost. Depreciation of all exhaustible depreciation is reported on the proprietary fund is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives of the respective classes of assets using the straight-line method. The assets were adjusted as of March 31, 2003 and 2004 to reflect the actual cost. The estimated useful lives are as follows:

Building	40 years
Land Improvements	15 years
Machinery and Equipment	5-25 years

A summary of general fixed assets are as follows:

	Balance March 31, 2003	Reclassified and Additions	Balance March 31, 2004
Land	\$ 84,411	\$ -0-	\$ 84,411
Land Improvements	85,190	-0-	85,190
Buildings	679,023	-0-	679,023
Equipment	220,288	10,168	230,456
Furniture and Fixtures	8,369	-0-	8,369
Vehicles	313,565	200,254	513,819
	1,390,846	\$ 210,422	1,601,268
Accumulated Depreciation	191,970		246,150
Net Fixed Assets	\$1,198,876		\$1,355,118

NOTE 2 - PROPERTY TAXES:

Property taxes are recorded when taxes are levied. This annual levy was made on December 1, 2003 and is for the year April 1, 2003 through March 31, 2004. The tax levy for the year ended March 31, 2004 was based on taxable value.

	TAXABLE VALUE	
Caseville Township	\$170,925,343	Millage is 1.20000
Lake Township	\$ 68,954,075	Millage is 1.20000

	CASEVILLE TWP	LAKE TWP	TOTALS
Tax levy	\$204,695	\$82,745	\$287,440
Tax collected	186,500	74,856	261,356
Tax uncollected	18,195	7,889	26,084

CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2004  
(CONTINUED)

**NOTE 3 - BALANCE SHEET CASH AND INTEREST BEARING DEPOSITS:**

Deposits are carried at cost. Deposits of the Caseville Area Fire Protection Association are at one bank. Act 217, PA 1982, authorizes the Caseville Area Fire Protection Association to deposit and invest in the accounts of federally insured bank, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of the United State banks; commercial paper rated within the three highest classification by not less than two standard rating services, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local unites of government of Michigan law prohibits security in the form of collateral, surety bond, or other form for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Caseville Area Fire Protection Association deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the cash deposits are as follows:

DEPOSITS	CARRYING AMOUNT
Insured (FDIC)	\$ 100,000
Uninsured	250,509
Total Deposits	\$ 350,509

**NOTE 4 - GENERAL LONG-TERM DEBT FOR BUILDING:**

On November 24, 1999, the Townships of Caseville and Lake signed an installment purchase agreement for the construction of a fire station building in the amount of \$700,000 payable from the proceeds of special assessments on real property. The fire station is being constructed jointly with the townships of Caseville and Lake. The amount was financed through a bank and is backed by Caseville and Lake Townships full faith and credit. Annual principal payments of \$70,000 are due on February 1st plus interest. The loan carries an interest rate of 4.85% and will mature on February 1, 2009. The total projected cost of this project is \$700,000. Caseville Township portion would be \$504,000 or 61% ownership of the building and Lake Townships portion would be \$196,000 or 39% ownership of the building.

**CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2004**

**NOTE 5 - CHANGE IN LONG -TERM DEBT:**

	NOTE PAYABLE BANK FOR <u>BUILDING</u>
BALANCE AT MARCH 31, 2003	\$ 392,000
RETIREMENT	<u>-145,794</u>
BALANCE AT MARCH 31, 2004	\$ 246,206

**NOTE 6 - AMORTIZATION OF LONG-TERM DEBT - CASEVILLE TOWNSHIP**

BUILDING MATURITIES FOR FISCAL YEAR ENDING <u>MARCH 31</u>	PRINCIPAL	NOTES PAYABLE BANK INTEREST	TOTALS
2005	\$ 50,400	\$ 8,598	\$ 58,998
2006	\$ 50,400	\$ 6,153	\$ 56,553
2007	\$ 50,400	\$ 3,709	\$ 54,109
2008	\$ <u>26,068</u>	\$ <u>1,265</u>	\$ <u>27,333</u>
	\$ 177,268	\$ 19,725	\$ 196,993

**AMORTIZATION OF LONG-TERM DEBT - LAKE TOWNSHIP**

BUILDING MATURITIES FOR FISCAL YEAR ENDING <u>MARCH 31</u>	PRINCIPAL	NOTES PAYABLE BANK INTEREST	TOTALS
2005	\$ 19,600	\$ 3,344	\$ 22,944
2006	\$ 19,600	\$ 2,393	\$ 21,993
2007	\$ 19,600	\$ 1,443	\$ 21,043
2008	\$ <u>10,138</u>	\$ <u>498</u>	\$ <u>10,636</u>
	\$ 68,938	\$ 7,678	\$ 76,616

**NOTE 7 - ONE QUICK ATTACK PUMPER ON A FORD F-550**

On August 21, 2002 the Caseville Area Fire Department entered into an agreement to purchase a new fire truck - Total cost was \$200,264.

CASEVILLE AREA FIRE PROTECTION ASSOCIATION  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2004  
(CONTINTUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING FOR CAPITAL EXPENDITURES

Generally accepted accounting principles applicable to governmental unities as promulgated by the American Institute of Certified Public Accounts industry audit guide titles "Audit of State and Local Government Units" provide for differing accounting treatment for capital expenditures dependent upon the expenditures are capitalized in the fund and depreciated. In all other funds, capital expenditures are treated in the same manner as other current expenditures are and are then to be capitalized in a "general fixed asset" group of accounts.

The Townships of Caseville and Lake, created this separate entity for the purpose of establishment, operation and maintenance of a joint fire department and fire authority, including, but not limited to the acquisition and operation of fire department motor vehicles, equipment, apparatus, housing and personnel. This joint venture will be funded with special tax assessments from both townships. The assessment of the Township of Caseville for the year ended March 31, 2004 amounted to \$204,695 of which \$18,195 is still owed to the Association, and the assessment of the Township of Lake for the year ended March 31, 2004 amounted to \$82,745 of which \$7889 is still owed to the association.

MELVIN P. DUTCHER  
CERTIFIED PUBLIC ACCOUNTANT  
6915 N. CASEVILLE ROAD  
CASEVILLE, MI 48725

September 3, 2004

To the Honorable Board of Commissioners  
Caseville Area Fire Protection Association  
Townships of Caseville and Lake  
Caseville, MI 48725

Gentlemen:

I have recently concluded my examination of the accounting records of the Caseville Area Fire Protection Association for the year ended March 31, 2004. In connection with that examination, I wish to make the following comments and recommendations.

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

Generally accepted accounting principles require that a general fixed asset group of accounts be maintained by all governmental units.

INVESTMENTS

I was pleased to see that the Caseville Area Fire Protection Association invested excess money into savings resulting in a total of \$2,913 interest income for all funds combined.

INVESTMENT POLICY

The Fire Board has an approved investment policy.

Because of the low interest rates the bank is paying I would recommend paying two years payments on the building notes. This would amount to approximately \$150,000.

## RECOMMENDATIONS

Every county and local unit of government in Michigan, from the smallest to the largest, must establish and maintain the following basic accounting records.

1. The Uniform Chart of Accounts
2. Printer prenumbered official receipts
3. Prenumbered official checks
4. A detail receipt journal
5. A detail disbursement journal, and
6. A general ledger

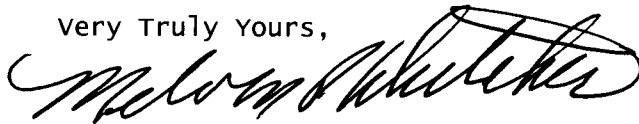
The check book is balanced on a regular basis.

The filing system should include a separate file for payroll items.

The number receipt book was obtained and receipts were recorded with the date received, amount and accounting information and then deposited in a timely manner.

This report is intended solely for the information and use of the Caseville Area Fire Protection Association's management, and others within the administration. This restriction is not intended to limit distribution of this report which upon acceptance by the Township's Board is a matter of public record.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read "Melvin P. Dutcher".

Melvin P. Dutcher